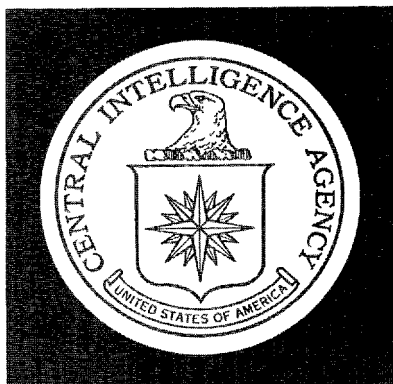


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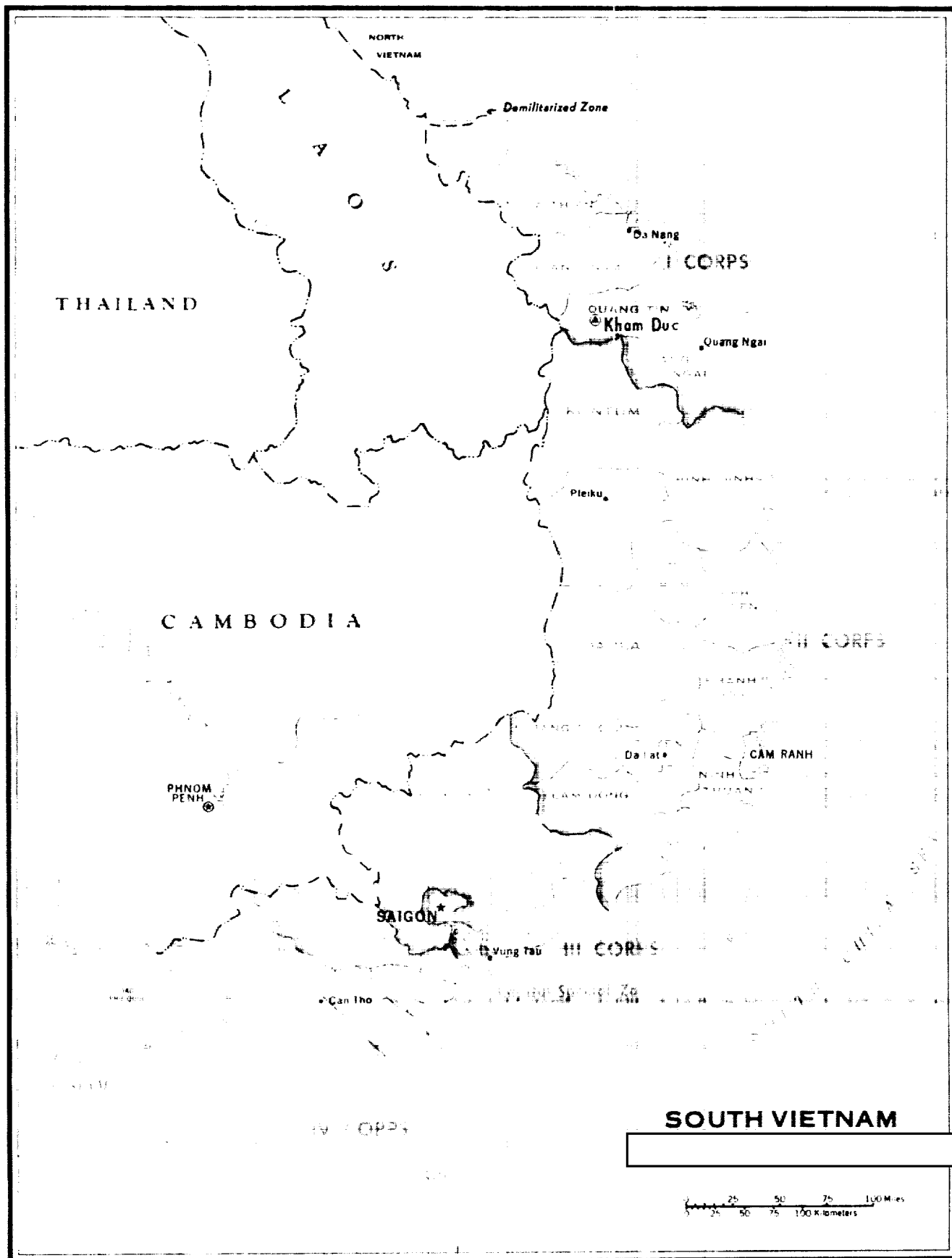
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[South Vietnam: There were heavy clashes on the outskirts of Saigon on 13 May, but no significant enemy military activity was reported in any of the city's precincts.

In Quang Tin Province, the allies have completed the evacuation of more than 1,000 military personnel and South Vietnamese dependents from the Kham Duc Special Forces camp under heavy fire. Casualties totaled 25 US and 64 South Vietnamese killed, against more than 300 Communists killed during the attack. An additional 150 South Vietnamese were killed when their evacuation aircraft was shot down.

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Czechoslovakia-USSR: A business-as-usual attitude prevails in Prague, suggesting that Czechoslovak leaders will not bow precipitately to Soviet pressures.

Party leader Dubcek reportedly addressed himself to questions "on the current internal situation" at a conference of regional and district party secretaries in Prague on 12-13 May. Dubcek's text is not yet available, but he and other regime spokesmen have recently been restating in low-key fashion that their reform program will continue. The controversial question of when to convene a party congress, at which liberals hope to oust conservatives, probably was also scheduled to be discussed.

Some Czechoslovak news representatives have reacted cautiously to Soviet intimidation and criticism. Others have commented frankly on the Soviet and Eastern European lack of understanding of Czechoslovak developments and called for further reforms.

On 13 May, one paper called on the Soviet Union to condemn rumors that military intervention in Czechoslovakia was planned. On 13 May, Radio Prague claimed that touring Soviet Marshal Moskalenko had announced that the USSR would not interfere in internal Czechoslovak affairs, but Moscow has as yet made no such statement. Press and radio commentators have also continued their criticisms of the Polish and East German media. The freedom with which the news media continue to report indicates that the moderate party leadership has yet to impose any restrictions.

A Radio Prague commentator, for example, apparently replying to liberal party presidium president and National Assembly chairman Smrkovsky's recent call for an end to indiscriminate attacks on

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the Communist Party, suggested that the party purge itself of all those whose acts were the original cause of the criticism. His remarks were aimed at the conservatives within the party, although he also criticized non-Communist extremists. The Czech trade union daily Prace also has in effect called for a purge of conservatives and Novotny supporters in the National Assembly.

No new significant Soviet troop movements have been noted within or out of the restricted area imposed southwest of Berlin on 11 May.

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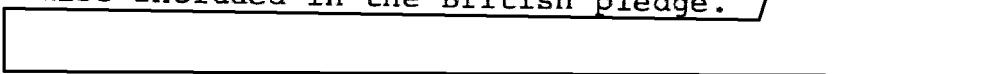
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NATO: The semiannual ministerial conference of NATO's defense planning committee reaffirmed commitments to maintain the defensive capability of the alliance.

A solid consensus developed in the conference held on 10 May on the need to maintain and improve the qualitative performance of NATO forces. Thus, the ministers endorsed the proposition that the "over-all military capability of NATO should not be reduced except as part of a pattern of mutual force reductions balanced in scope and timing."

British Defense Minister Healey announced that the United Kingdom would earmark for NATO a highly mobile task force of 20,000 men, an increase of 40 percent in the size of its NATO commitment. An amphibious force for use in Mediterranean defense was also included in the British pledge.



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[Panama: The country remains tense following the first serious outburst of violence since Sunday's election and further disorders may occur when the official returns are announced.

Supporters of opposition leader Arnulfo Arias engaged in violent street demonstrations following a shooting yesterday involving henchmen of government candidate David Samudio. Four persons reportedly were wounded and one killed before national guardsmen could restore order. Although both leaders publicly called for calm, they urged their followers to be prepared and remain alert to defend their interests.

Official announcement on the election results was postponed after yesterday's disturbances. Meanwhile, opposition and government media are issuing widely divergent accounts of the balloting. Unofficial counts showing Arias leading by a substantial margin may indicate that the government's electoral tribunal is dragging its feet until the final tallies can be juggled to favor Samudio.

In Colon, the nation's second largest city and scene of a bitterly contested race, the situation is calm but uneasy and a minor incident there could explode into violence. The government had to resort to considerable fraud to offset the heavy Arias vote there.



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Indonesia: Indonesian Moslems are attempting to embarrass Foreign Minister Malik, whose socialist orientation they have long resented.

An Indonesian Moslem newspaper claimed in a lead story on 9 May that Malik had privately told Moslem students that Moslem states such as "Syria and Pakistan" were using them. Malik's cautionary remarks were particularly directed at the vigorous opposition by Indonesian Moslem groups to the recent visit of Ethiopian Emperor Haile Selassie and alleged Ethiopian mistreatment of Moslems.

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Malik's attempts to develop a strong socialist movement in Indonesia, although unsuccessful, have made him a target of the Moslem parties. By publicizing the Malik conversation with the students, Moslem politicians presumably hope to discomfit him within the government and to complicate his conduct of foreign affairs.

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Malaysia-Philippines: Talks on the Philippine claim to Sabah, scheduled to begin in Bangkok on 17 June, probably will not lead to a solution. A Kuala Lumpur spokesman informed a US Embassy official that Malaysia would "listen to the Philippine case, argue the points raised, and reject them." Malaysia will not consent to a second round of talks. The spokesman stated that although the Philippines might initiate a break in relations, Malaysia was prepared for this. It seems doubtful that Manila would break relations. On the other hand, it is unlikely to accept Malaysia's rejection of the Sabah claim as an end of the long-standing dispute.

[REDACTED]

* * * *

Taiwan: Taipei plans to launch a major drive to sell its low-priced industrial consumer goods--textiles, processed foods, plywood--in Western Europe. The US market now accounts for 20 percent of Taiwan's total exports. Exports to Western Europe, except for West Germany, have been relatively neglected. As a first step in implementing the new policy, Taipei plans to establish new trade centers in West Germany, the Netherlands, and Italy, and to beef up its trade organizations in Brussels, Milan, Frankfurt, and Rotterdam.

[REDACTED]

* * * *

Southern Yemen: Aid talks with the British were broken off when the regime became convinced that the British were not going to increase their offer of about \$6 million for a ten-month period. No dramatic action against the British is likely, however, since some \$12 million of the current agreement remains unpaid, and the regime hopes to obtain this amount as soon as possible. A Southern Yemeni delegation is apparently slated to go to Moscow shortly to talk about aid; so far the Soviets have offered only military equipment and not the cash that the country desperately needs.

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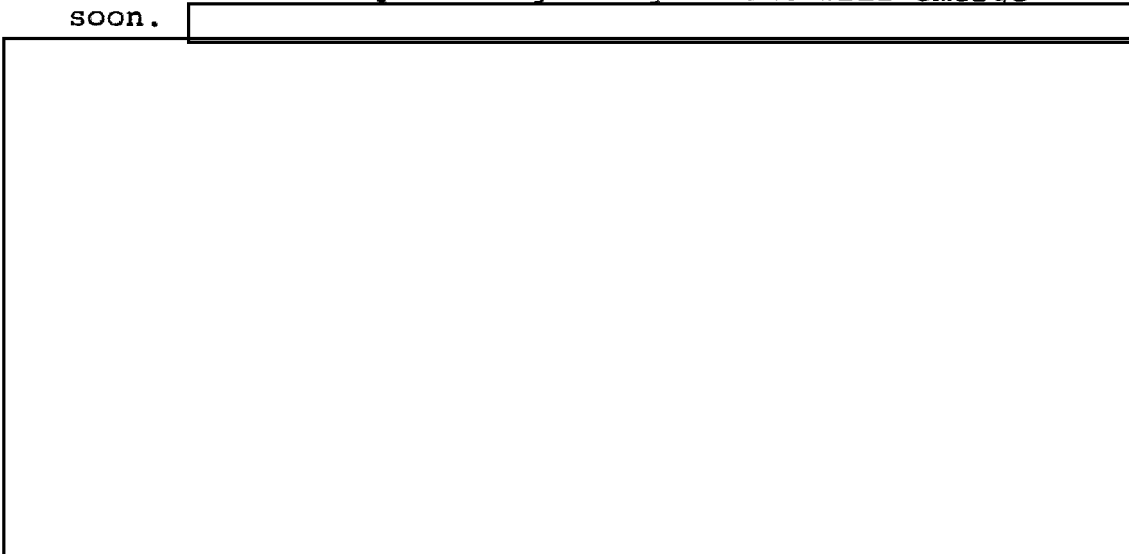
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Dahomey: The military has annulled the results of the presidential election of 5 May because of the massive abstentions protesting its refusal to permit any major political leader to be a candidate. Colonel Alley, the provisional president, has reiterated the army's pledge to return to barracks but indicated current difficulties may delay the return to civilian rule, now scheduled for mid-June.

The army apparently plans to consult all political leaders, including the three civilian ex-presidents exiled in Paris, in order to get agreement on naming a president. It remains doubtful, however, that any meaningful agreement will emerge soon.

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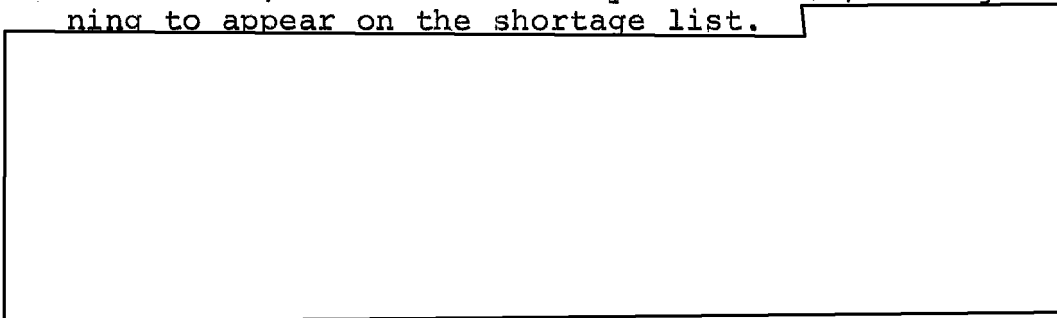
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Cuba: Cuban agriculture is suffering from drought for the second straight year. Sugar cane production has dropped at least ten percent, and food crops and livestock production also have declined. Consequently, Cuba is experiencing more than its usual shortage of food. Meat, dairy products, and rice appear to be in shortest supply and even bread, which is normally unrationed, is beginning to appear on the shortage list.

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